



BUDGET COMMITTEE

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**Senator Gregg's Senate Floor Remarks on the Pay-Go Point of Order
Against the Reid Tax and Highway Extension Bill
February 24, 2010
(unofficial transcript)**

I believe one of the obligations of a government, especially Congress, is to live by its own words and live by its own rules. With great fanfare just a couple weeks ago, the Democratic leadership and the Democratic membership passed a Pay-Go piece of legislation which says essentially that when you bring spending legislations to the floor of the Senate, it should be paid for, and there was great breast-beating on the other side of the aisle about how this was going to discipline our government and make us a fiscally responsible government.

Now we see the first piece of legislation to come forward since that Pay-Go resolution was passed is a bill which violates that Pay-Go resolution. This bill spends \$12 billion that is not paid for under the Pay-Go rules over the next five years. It is in violation of the concepts and the rules which were put forward by the other side of the aisle as the way we were going to discipline our spending here.

I understand and I think most of us understand that the issue of the economy and getting people back to work is critical, but I don't think you get people back to work in this nation by loading more and more debt onto the next generation. I think it probably creates an atmosphere where folks who are willing to go out and invest and create jobs are a little reticent to do that because they don't know how all that debt that the federal government is putting on its books is going to be paid for.

I presume that one of the reasons the Pay-Go legislation was brought forward a couple weeks ago was to try to give some certainty to the markets and to the American people -- especially those who are very upset with all the deficits and debts that are being run up around here -- that we would discipline our own fiscal house.

So what happens? The first bill that comes forward violates the rules of the Senate by adding \$12 billion of spending that isn't paid for -- it will be deficit spending and it will add to our debt. I'm just not sure how you vote for this bill when it violates that Pay-Go rule which you just voted for two weeks ago. It just seems to be a bit of inconsistency there that's even hard for a political institution to justify.

On top of that, of course, this bill contains massive gamesmanship in the out-years. It's a bill with stated spending of \$15 billion, or something like that, but actually because of the games that are played here and because of the highway accounts, it adds \$140 billion of spending that's not paid for. One hundred and forty billion dollars will be added to the debt if this bill is passed. That's a big number. That's a real number.

The simple fact is that this bill and the classic gamesmanship that we see from the Highway Committee spends money we don't have and then claims that we have the money. But in the end, all that money has to be borrowed because there are no revenues to cover it. There will be, if this bill is passed, \$140 billion of new debt put on our kids' backs as a result of this alleged small number.

I forgot what the number is that they claim is actually in the bill. Now, how does that happen, because I think this bit of gamesmanship ought to at least be explained because it keeps being undertaken here by the Highway Committee, in the most egregious way I think, relative to proper fiscal management? In fact, if this were done in an accounting cycle that was subject to accounting rules, the people who claim this sort of sleight-of-hand would go to jail. It's that simple. They would go to jail because this is such a fraud on the American taxpayer.

What they're claiming is that the Highway Fund -- which they have committed to spend much more money than is coming in, which they knew they were going to spend more money than was coming in, because they wanted to spend more money than was coming in -- lent the General Fund money ten years ago, and that that money should have had interest paid on it.

Of course at the time, they actually waived the interest, assuming interest should ever be paid on that. And that interest has been recouped a couple of times now, allegedly, even if it was owed. But what they claim is that because the money is coming out of the General Fund now to fund the Highway Fund -- they're calling that an offset so it won't score.

Unfortunately, under the present rules that we use to budget around here, it doesn't score because it is built into the baseline. And it adds up to \$140 billion over the next ten years, approximately, that is going to come out of the General Fund to fund the Highway Fund because the people who run the Highway Fund don't have the courage -- and it's that simple -- to fund what they want to spend. So they're going to take it out of the General Fund.

Well, where does the General Fund get its money? It borrows it. It borrows it from our children and our grandchildren. It runs up debt. That's why under any scenario, no matter what gamesmanship you play around here, on naming this event, it turns out to be the same thing -- debt added to our children's burden.

Our children already have got a fair amount of debt coming at them as a result of this Congress. In fact, under the President's budget, the deficit is going to double in the next five years, and going to triple in the next ten years. We'll add \$11 trillion of new debt to the backs of our children over the next ten years under the President's initiatives. Every year for the next ten years we will average deficits of a trillion dollars.

The American people intuitively understand that that can't keep up, and it can't keep up. We are on an unsustainable course. We are running this nation into a ditch on the fiscal side of the ledger. We are putting this nation into a financial bankruptcy because of the fact that we're running up deficits and debt far beyond our capacity to repay them. In fact, if you look at it, at least deficits and debts, just in the context of what other industrialized nations do, for example, the European Union, they don't allow their states to exceed deficits of 3% or have a public debt-to-GDP ratio of more than 60%.

The way this works out, we're going to run deficits of about 5% every year for the next ten years, and we're going to have a public debt situation of well over 60% next year, and we're going to get to 80% before the next ten years is out. Those are numbers lead to one conclusion --that we're in trouble. We're in deep, deep trouble. Yet we come here today with a bill which aggravates that situation relative to the Pay-Go rules by \$12 billion and relative to the Highway Fund by \$140 billion.

What we have before us today is a bill which first, violates the Pay-Go rules, which we just passed here a couple weeks ago, to the tune of \$12 billion, and second, puts in place a glide path -- it should be called a nose dive -- towards \$140 billion of new debt being put on our children's backs in the alleged justification that it is offset when, in fact, the offset is superficial and nonexistent.

I thank the Chair. Let me make this last point. We cannot keep doing this. We cannot keep doing this to our children. We cannot keep coming out here and claiming that we are being fiscally disciplined when at the exact same time we're doing just the opposite, spending money that we don't have and passing those bills on to our kids.

I yield the floor.